

Washington State Auditor's Office
Accountability Audit Report

**Mason County Public Utility District
No. 1**

Audit Period
January 1, 2003 through December 31, 2003

Report No. 67612

Issue Date
December 10, 2004



Washington
State Auditor
Brian Sonntag

Audit Summary

Mason County Public Utility District No. 1 January 1, 2003 through December 31, 2003

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Mason County Public Utility District No. 1 for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also evaluated the internal controls established by the District's management.

RESULTS

In most areas, the District's internal controls were adequate to safeguard public assets. Overall, the District also complied with state laws and regulations and its own policies and procedures. However, we noted certain issues that we communicated to District management. We appreciate the District's commitment to resolving these issues.

RELATED REPORTS

Our opinion on the District's financial statements and compliance with federal program requirements is provided in a separate report, which includes the District's financial statements.

CLOSING REMARKS

We thank District officials and personnel for their assistance and cooperation during the audit.

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Description of the District

Mason County Public Utility District No. 1 January 1, 2003 through December 31, 2003

ABOUT THE DISTRICT

Mason County Public Utility District No. 1 was established in 1934 to provide electrical services. The District does not own or operate any generating facilities but purchases all electrical power. The District has expanded its services to include 31 water systems and one wastewater system.

The District has 21 employees that serve approximately 4,800 electric, 1,600 water and 18 wastewater customers in Mason and Jefferson counties. Operating revenues for 2003 totaled almost \$5.3 million. The District is governed by three Commissioners who are elected to six-year terms.

AUDIT HISTORY

We audit the District annually. The District has had no findings since we began auditing it in 1941. Management has been responsive to audit recommendations and our audit concerns are often discussed, addressed and resolved before completion of the audit.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Rick Buechel
Ron Gold
Jack Janda

APPOINTED OFFICIALS

Manager
Director of Finance
Director of Operations
Director of Administrative Services

Richard L. Wilson
Gregory C. Kester
Willie Pierce
Debbie Knipschield

Note: Willie Pierce was replaced by Tracy Colard in May 2004.

ADDRESS

District

North 21971 Highway 101
Shelton, WA 98584
(360) 877- 5249
(360) 877- 9274 (fax)

Audit Areas Examined

Mason County Public Utility District No. 1 January 1, 2003 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of Mason County Public Utility District No. 1's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the District's accountability in the following areas:

- Cash receipting
- Petty cash and revolving accounts
- Employee fund
- Purchase of goods and services
- Payroll
- Utility billing
- Accounts receivables (accounts identified to be sent to collections)

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Deposit and investment of public funds
- Timely deposit of public funds
- Required financial schedules
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Allowable expenditures (including credit cards and travel expenses)
- Competitive bidding requirements
- Commissioner compensation

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal program requirements, as applicable, for the District's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

FINANCIAL AREAS

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Receivables
- Property and equipment
- Long-term debt
- Revenues
- Expenditures
- Overall presentation of the financial statements